Healthy RI National Health Reform Implementation Taskforce

Payment Reform/Delivery System and Providers Work Group

Notes from 07/23/10 Meeting

1. Introductions

2. The group was reminded that the goal of today's meeting is to attempt to focus discussion on the payment reforms that are part of the federal healthcare reform, as the Work Group has only a small amount of time left to deliberate and the discussion must become more streamlined.

   List of major payment reforms were distributed to the group.

   It was iterated that, thus far, two themes have come up in the discussions of the Work Group:

   1) The Work Group recommends that we build on currently operating and successful models in RI.

   2) The Work Group should investigate whether any of the payment realignments as suggested in the federal healthcare reform dovetails with any currently ongoing reform models in RI, and examine what funding opportunities are in the federal bill for potential reforms in RI.

   The group decided to not focus on minor details, but rather, to look for broad themes or directions for further study. It was noted that the group does not have legal authority, but can recommend policies or processes to the State Government of RI, which can apply for grants and make decisions that affect wide swaths of the insurance market.

3. The Connecticut delivery system handout was passed out to the group as an example of what a similar group in a different state ultimately came out with. This CT group iterated themes and articulated broad-based recommendations.

4. A summary of the current reform efforts in RI was distributed to the group, and the group was asked for comments or suggestions

   The group noted that summaries of the new OHIC hospital regulations, the PACE program, and hospital payment changes included in title 20 state budget changes were added to the list of current reforms.

   The group also suggested to add a summary of the increased primary care spending directives from the insurance commissioner (OHIC) to that same list, as well as the Westerly/South County Hospital's partnership with Blue Cross ("health neighborhoods").

5. Exchange/Payment Reform Commission

It was suggested that it is important to connect the various reform efforts in RI into a more coherent healthcare system, and to examine the current health care system that we have. The group noted that there is a cadre of stakeholders who are involved in most of the programs now and give it some consistency. However, the existing system lacks an overarching authority, has very little consumer input and is very confusing from a consumer perspective. It was suggested that a potential recommendation of the group could be to involve consumers in the healthcare reform structure.

It is also noted that much of the difficulty in implementing reform comes from the fact that although there are people with ideas about how to improve system, these parties often lack the power to overcome market conditions. The fragmentation of the healthcare market makes it hard for any group to acquire the market leverage necessary to drive change. It was suggested, however, that the Exchange could acquire this leverage.

- The group pointed out that in order for the Exchange to have this leverage, it would have to be very large, and encompass more individuals than just those who cannot obtain insurance coverage elsewhere. It was suggested that it could first encompass Medicare recipients, Medicaid recipients, and public employees. If the exchange insurance was not expensive, employers would join it as well, thus preventing large segments of the market from being left out of taking part in healthcare reform. It was noted that if the Exchange becomes only a 'traditional' exchange, only 100,000 people will be covered in the Exchange, and it would probably not be able to drive large changes to payment and delivery systems.

- The group pointed out that the Exchange would also have to be very broad and powerful, with an independent and apolitical board to make policy choices and drive reform. The work group brought up the question of who would be selected to serve on the board, and how this selection would take place.

It was noted that RI could also implement a government-supported commission, similar to that of MA, to drive health reform with specific reports and recommendations. This commission would have more authority than this work group, and would help to bring some cohesion to the system.

- GAHC in RI would have been the best choice to become this commission, but it was disbanded in 2002.

- The group suggested that this commission would need to be formed legislatively, as an executive order would expire at the end of the governor's term.

- It was suggested that this commission could be either part of a state agency or public/private collaboration. The group stated that its charge would have to more clearly defined, and the quality institute was brought up as a possible model of an evolving authority in this area.

It was suggested that, in order to move away from parsing the specifics of this commission, the work group could just make a recommendation that something like this is established.

- The group noted that, although recommendations such as these are often ignored, there seems to be a different tenor right now at the statehouse, along with a general realization that there is a problem, and a willingness at the statehouse to make changes.

- However, the group also mentioned that, in order for any of the recommendations to be implemented, they need funding, and pointed to the lack of funding and infrastructure as a potential difficulty going forward.

It was also suggested that the group should be focusing more on collaborative initiatives, in order to better gather various stakeholders around common interests and convergences. However, it was also noted that these types of initiatives can be hard to deal with and may lead to negative unintended consequences. RI may require someone to grab the reins and make bold, policy-driven decisions.

It was suggested also that before the group decides upon a structure, it should figure out what it wants this structure to achieve (for example, CT did this in its report regarding healthcare reform by listing several healthcare models for CT to work towards)

6. Discussion of the Charge of the Work Group

It was noted that there are two issues for this group going forward:

1) Models and reforms included in the healthcare bill
2) A structure to implement payment and delivery system reforms

It was suggested that the group could make recommendations about the respective roles of the government and private sector in the ongoing reform.

It was also suggested that the group should make a recommendation that RI should have an authority to implement reforms, and should recommend broad principles about what these reforms should be. However, it was also mentioned that this might be too large a goal, and that the group should narrow its scope and stick to the more specific initiatives in the bill. The group was reminded of its original charge to identify options in the state to properly implement national healthcare reform.

- It was noted that it would be helpful if the group could specify the specific duties of this entity and specify how the members of this entity are chosen.

- Although there was a divergence over whether the main focus of the group should be this structure going forward or the opportunities presented in the federal bill, there was a consensus that some entity must be put in place, and that this can be a recommendation in the work group report (even if it is just an addendum).

7. Discussion regarding hospital payment changes

The group mentioned the mandatory changes to the payment of hospitals that are coming in the form of Medicare and Medicaid rate changes. It was noted that these payment forms are not the main focus of this group, as the group is more focused on payment realignment opportunities.

However, the point was made that hospitals will lose money from these changes, they so will look at healthcare reform through the lens of these losses. All of the reform 'opportunities' can potentially hurt hospitals. It was noted too, though, that hospitals could look at these potential reforms as opportunities to survive and deal with the inevitable changes and efficiencies that will happen to healthcare.

It is proposed that aligning everyone's incentives is one of the greatest challenges in implementing health reform, partially because hospitals often lose money whenever a reform is implemented. The group stated that the question is how a hospital can implement changes and stay alive. The group proposes the idea of a shared savings model as a solution to this. The group also proposeed that keeping the purpose of the healthcare reform (that is, better care for the patients and beneficiaries) in mind will help with this.

8. Discussion regarding the next meeting

The group should identify or cluster the opportunities presented in the federal bill that are important to the state and look deeper into them in the next meeting.

It was noted that it would be helpful to have a criss-cross between the two lists (of reform efforts in RI already underway and reform opportunities in the federal law) that shows where initiatives in RI match up with those suggested in the federal bill.

- The group came to a consensus that RI should attempt to build on current models.

The group suggested that it is important to acknowledge at the next meeting which entities are going after these opportunities, particularly as they might not be the state. Furthermore, the group wondered if they should suggest whom they would like to take advantage of these opportunities.

It was decided that before the next meeting the charts will be cross-tabulated, and a list of recommendations by the group regarding the implementation structure of healthcare reform will be made.

Members in Attendance

Tricia Leddy

Jia Leung

Joan Moses

Jason Martiesian

Vera DePalo

Elaina Goldstein

Rick Brooks

Mark Schwager

Paul Block

Howard Dulude

Ed Quinlan

Brenda Whittle

Stacy Paterno

Erin Walsh

Rebecca Kislak

Michele Lederberg

Melinda Thomas

Deborah Correira Morales

Ted Almon

Gus Marootian

BJ Perry

Lenny Lopes

Holly Garvery

Valentina Adamova